

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 2186 - HB 2307**

February 23, 2018

**SUMMARY OF BILL:** Requires any entity licensed as a deferred presentment service to only provide such services to individuals who physically appear in-person at the licensee's business address, as specified in the licensee's application provided to the Department of Financial Institutions (DFI).

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- According to the DFI, this legislation may result in an entity, which is licensed as a deferred presentment service business in Tennessee and which does not maintain a physical location in this state, to ensure it has a physical location in Tennessee to meet the requirement provided in this legislation.
- According to DFI, the only licensee that pays an annual fee is money transmitting businesses, pursuant to DFI rule 0180-26-.02. Therefore, no fees are currently collected from existing deferred presentment service businesses located in Tennessee.
- Given that no fees are currently collected by DFI from existing deferred presentment service businesses, it is assumed that DFI will not collect any revenue from out-of-state deferred presentment service businesses that establish a physical location in Tennessee after passage of this legislation.
- In addition, passage of this legislation could result in fewer licensees if being required to have a physical location in Tennessee becomes cost prohibitive for any currently-licensed deferred presentment service business.
- Given that no licensing fees are collected under current law from deferred presentment service business licensees, any fiscal impact to state government is considered not significant.
- The DFI will amend its examination procedures and ensure compliance with the proposed legislation utilizing existing resources without a significant increase in state expenditures.

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## **IMPACT TO COMMERCE:**

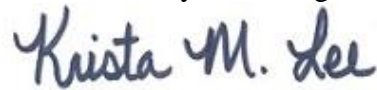
**Other Commerce Impact – Due to several unknown factors, the impact to commerce and jobs in Tennessee cannot be determined.**

### **Assumptions:**

- According to the DFI, this legislation may result in an entity, which is licensed as a deferred presentment service business in Tennessee and which does not maintain a physical location in this state, to ensure it has a physical location in Tennessee to meet the requirement provided in this legislation.
- Acquiring and maintaining a physical location in this state would result in additional expenditures for current licensees, thus potentially resulting in less profitability, if business revenue and all other business expenditures remain constant.
- Some current deferred presentment service businesses may no longer be able to operate if having a physical location becomes cost prohibitive such that insolvency would occur. In the case of insolvency, there would be a reduction in both business revenue and business expenditures.
- To the extent out-of-state deferred presentment service businesses recognize an opportunity to compete in Tennessee and relocate to Tennessee as a result of this legislation, additional business revenue and business expenditures would occur.
- Any net impact to commerce and jobs in Tennessee cannot be determined because such impacts are dependent upon these unknown factors.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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